

**JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date SEP 11 2013

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
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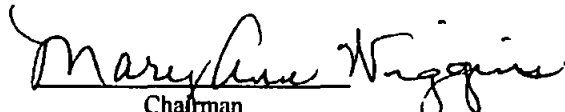
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JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

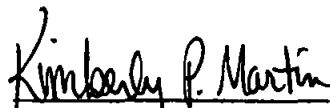
Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Mary Ann Wiggins, Chairman of the John K. Kelly Grand Bayou Reservoir Commission, who duly sworn, deposes and says, that the financial statements herewith given presents fairly the financial position of John K. Kelly Grand Bayou Reservoir Commission at December 31, 2012 and the results of operations for the year then ended in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.


Chairman

Sworn to and subscribed before me, this 24th day of June, 2013.


NOTARY PUBLIC #067903

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INDEPENDENT AUDITOR'S REPORT

John K. Kelly Grand Bayou Reservoir Commission
5286 Highway 784
Coushatta, Louisiana 71019

We have audited the accompanying financial statements of the governmental activities and the major fund of the John K. Kelly Grand Bayou Reservoir Commission, Coushatta, Louisiana, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the John K. Kelly Grand Bayou Reservoir Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the John K. Kelly Grand Bayou Reservoir Commission, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 4 to 8 and 22, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the John K. Kelly Grand Bayou Reservoir Commission's financial statements as a whole. The accompanying information identified in the table of contents as Other Supplementary Information is presented for the purposes of additional analysis and is not a required part of the financial statements. The Other Supplementary Information schedules are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated June 24, 2013 on our consideration of the John K. Kelly Grand Bayou Reservoir Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the John K. Kelly Grand Bayou Reservoir Commission's internal control over financial reporting and compliance.

Hines, Sheffield & Squyres

Natchitoches, Louisiana

June 24, 2013

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

The Management's Discussion and Analysis of the John K. Kelly Grand Bayou Reservoir Commission's financial performance presents a narrative overview and analysis of John K. Kelly Grand Bayou Reservoir Commission's financial activities for the year ended December 31, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the John K. Kelly Grand Bayou Reservoir Commission's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- 1) The John K. Kelly Grand Bayou Reservoir Commission had cash of \$444,673 at December 31, 2012, which represents a decrease of \$419,751 from prior year end.
- 2) The John K. Kelly Grand Bayou Reservoir Commission had accounts receivable of \$0 at December 31, 2012, which represents a decrease of \$2,731 from prior year end.
- 3) The John K. Kelly Grand Bayou Reservoir Commission had accounts payable and accruals of \$27,408 at December 31, 2012, which represents an increase of \$13,559 from prior year end.
- 4) The John K. Kelly Grand Bayou Reservoir Commission had total revenues of \$795,174 for the year ended December 31, 2012, which represents an increase of \$203,546 from prior year.
- 5) The John K. Kelly Grand Bayou Reservoir Commission had charges for services revenues of \$793,642 for the year ended December 31, 2012, which represents an increase of \$204,578 from prior year.
- 6) The John K. Kelly Grand Bayou Reservoir Commission had total expenses of \$847,669 for the year ended December 31, 2012, which represents an increase of \$16,953 from prior year.
- 7) The John K. Kelly Grand Bayou Reservoir Commission had personal services expenses of \$274,450 for the year ended December 31, 2012, which represents an increase of \$36,022 from prior year.
- 8) The John K. Kelly Grand Bayou Reservoir Commission had operating services expenses of \$298,486 for the year ended December 31, 2012, which represents an increase of \$19,666 from prior year.
- 9) The John K. Kelly Grand Bayou Reservoir Commission had professional services of \$10,904 for the year ended December 31, 2012, which represents a decrease of \$4,059 from prior year.
- 10) The John K. Kelly Grand Bayou Reservoir Commission had capital asset purchases of \$628,386 for the year ended December 31, 2012, which represents an increase of \$400,013 from prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the John K. Kelly Grand Bayou Reservoir Commission as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2012

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information
(Other than MD&A)

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

This annual report consist of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the John K. Kelly Grand Bayou Reservoir Commission as a whole and present a longer-term view of the Commission's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Activities report the Commission's net position and changes in them. You can think of the Commission's net position, the difference between assets and liabilities, as one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net position are one indicator of whether its financial health is improving or deteriorating.

Fund financial statements start on page 11. All of the Commission's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the Commission's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's activities as well as what remains for future spending.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2012

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Position
As of Year End

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 444,738	\$ 867,220
Capital assets, net	<u>5,917,890</u>	<u>5,534,344</u>
Total Assets	<u>\$ 6,362,628</u>	<u>\$ 6,401,564</u>
Accounts payable and accruals	\$ 27,408	\$ 13,849
Compensated absences payable	<u>0</u>	<u>0</u>
Total Liabilities	27,408	13,849
Net position		
Investment in capital assets, net of related debt	5,917,890	5,534,344
Unrestricted	<u>417,330</u>	<u>853,371</u>
Total Net Position	<u>6,335,220</u>	<u>6,387,715</u>
Total Liabilities and Net Position	<u>\$ 6,362,628</u>	<u>\$ 6,401,564</u>

Net position of the John K. Kelly Grand Bayou Reservoir Commission decreased by \$52,495 or 0.82% from the previous fiscal year. The decrease is the result of general expenses exceeding revenues during the fiscal year ended 2012 (See table below).

Statement of Activities
For the Year Ended

	<u>2012</u>	<u>2011</u>
General government Expenses	\$ (847,669)	\$ (830,716)
Program revenues		
Charges for services	<u>793,642</u>	<u>589,064</u>
Subtotal	(54,027)	(241,652)
General revenues	<u>1,532</u>	<u>2,564</u>
Change in net position	<u>\$ (52,495)</u>	<u>\$ (239,088)</u>

The John K. Kelly Grand Bayou Reservoir Commission's total revenues increased by \$203,546 or 34.40% from the previous year. The total cost of all programs and services increased by \$16,953 or 2.04% from the previous year.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2012

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, the John K. Kelly Grand Bayou Reservoir Commission had \$5,917,890, net of depreciation, invested in a broad range of capital assets (See table below). This amount represents a net increase (including additions and retirements) of \$383,546 or 6.93% from the previous year.

**Capital Assets at Year End
(Net of Depreciation)**

	<u>2012</u>	<u>2011</u>
Land	\$ 93,000	\$ 93,000
Construction in progress	0	159,310
Buildings and building improvements	5,723,294	5,207,196
Furniture, fixtures and equipment	<u>101,596</u>	<u>74,838</u>
Total	<u>\$ 5,917,890</u>	<u>\$ 5,534,344</u>

This year's major additions included:

Buildings and building improvements	\$ 584,444
Furniture, fixtures and equipment	\$ 43,942

This year's major retirements included:

Furniture, fixtures and equipment	\$ 176,180
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Debt

The John K. Kelly Grand Bayou Reservoir Commission had \$0 in compensated absences payable outstanding at year end compared to \$0 at the previous year end, no change as shown in the table below.

Outstanding Debt at Year End

	<u>2012</u>	<u>2011</u>
Compensated absences payable	\$ 0	\$ 0
Totals	<u>\$ 0</u>	<u>\$ 0</u>

New debt during the year included:

None.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2012

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$18,248 more than budgeted amounts due to charges for services being more than expected.

Actual expenditures were \$51,142 more than budgeted amounts due to personal services and capital outlay being more than expected.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The John K. Kelly Grand Bayou Reservoir Commission's management considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- 1) Charges for services
- 2) Interest income
- 3) Miscellaneous revenues

The John K. Kelly Grand Bayou Reservoir Commission does not expect any significant changes in next year's results as compared to the current year.

CONTACTING THE JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the John K. Kelly Grand Bayou Reservoir Commission's finances and to show the John K. Kelly Grand Bayou Reservoir Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mary Ann Wiggins, Chairman, 5286 Highway 784, Coushatta, Louisiana 71019.

EXHIBIT A

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2012 AND 2011

	<u>2012</u>
ASSETS	
Current Assets	
Cash	\$ 444,673
Accounts receivable	<u>0</u>
Total Current Assets	444,673
Noncurrent Assets	
Capital assets, net	5,917,890
Meter deposit	<u>65</u>
Total Assets	<u>\$ 6,362,628</u>
 LIABILITIES AND NET POSITION	
LIABILITIES	
Current Liabilities	
Accounts payable and accruals	\$ 27,408
Total Current Liabilities	27,408
Noncurrent Liabilities	
Compensated absences payable	<u>0</u>
Total Liabilities	27,408
 NET POSITION	
Investment in capital assets, net of related debt	5,917,890
Unrestricted	<u>417,330</u>
Total Net Position	<u>6,335,220</u>
Total Liabilities and Net Position	<u>\$ 6,362,628</u>

See accompanying notes and accountants' report.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
General Government					
Personal services	\$ 274,450	\$ 361,321	\$ 0	\$ 0	\$ 86,871
Travel	0	0	0	0	0
Operating services	298,486	392,966	0	0	94,480
Supplies	18,989	25,000	0	0	6,011
Professional services	10,904	14,355	0	0	3,451
Depreciation	244,840	0	0	0	(244,840)
Total General Government	<u>\$ 847,669</u>	<u>\$ 793,642</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>(54,027)</u>
General Revenues					
Interest income					1,340
Other					<u>192</u>
Total General Revenues					<u>1,532</u>
Change in Net Position					(52,495)
Net Position, Beginning of year					<u>6,387,715</u>
Net Position, End of year					<u>\$ 6,335,220</u>

See accompanying notes and accountants' report.

EXHIBIT C

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012 AND 2011

	<u>2012</u>
ASSETS	
Cash	\$ 444,673
Accounts receivable	0
Meter deposits	<u>65</u>
Total Assets	<u>\$ 444,738</u>
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable and accruals	\$ <u>27,408</u>
Total Liabilities	27,408
 FUND BALANCES	
Unassigned	<u>417,330</u>
Total Fund Balances	<u>417,330</u>
Total Liabilities and Fund Balances	<u>\$ 444,738</u>

See accompanying notes and accountants' report.

EXHIBIT D

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2012

Total Fund Balances for Governmental Funds (Exhibit C) \$ 417,330

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 93,000	
Buildings and building improvements, net of \$3,146,355 in accumulated depreciation	5,723,294	
Furniture, fixtures and equipment, net of \$37,871 in accumulated depreciation	<u>\$ 101,596</u>	
Total Capital Assets		5,917,890

Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported in the fund liabilities.

0

Total Net Position of Governmental Activities (Exhibit A) \$ 6,335,220

EXHIBIT E

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>
REVENUES	
Charges for Services	\$ 793,642
Interest income	1,340
Other	<u>192</u>
Total Revenues	795,174
EXPENDITURES	
General government	
Personal services	274,450
Travel	0
Operating services	298,486
Supplies	18,989
Professional services	10,904
Capital outlay	<u>628,386</u>
Total Expenditures	<u>1,231,215</u>
Excess/(Deficiency) Of Revenues Over Expenditures	(436,041)
Fund Balance, Beginning of year	<u>853,371</u>
Fund Balance, End of year	<u>\$ 417,330</u>

See accompanying notes and accountants' report.

EXHIBIT F

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Net Change in Fund Balances-Total Governmental Funds (Exhibit E) \$ (436,041)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$628,386) exceeds depreciation (\$244,840) in the current period. 383,546

Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 0

Change in Net Position of Governmental Activities (Exhibit B) \$ (52,495)

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012

The John K. Kelly Grand Bayou Reservoir Commission, originally named the Black Lake Bayou Recreation and Water Conservation District of Red River Parish, was established by Act 474 of 1958 containing R. S. 38:2701 through 38:2717 of the Louisiana Legislature. The Commission consists of all of Red River Parish with the purpose of development of the wealth and natural resources of the area by the conservation of soil and water for agricultural, recreational, commercial, industrial, and sanitary purposes. The Commission is governed by a board of 7 commissioners appointed by the governor for a 5 year term. Members of the board of commissioners receive no compensation for their services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the John K. Kelly Grand Bayou Reservoir Commission present information only as to the transactions of the programs of the John K. Kelly Grand Bayou Reservoir Commission as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the John K. Kelly Grand Bayou Reservoir Commission are maintained in accordance with applicable statutory provisions:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The John K. Kelly Grand Bayou Reservoir Commission prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The Commission amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Cash and Cash Equivalents

Cash - includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments that, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

D. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

E. Bad Debts

Uncollectible accounts receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2012, \$0 was considered to be uncollectible.

F. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the John K. Kelly Grand Bayou Reservoir Commission is charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Position. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 10 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

G. Compensated Absences

Full-time employees of the John K. Kelly Grand Bayou Reservoir Commission earn from one to two weeks of annual leave, depending on length of service, and one week of sick leave each year. Leave cannot be accumulated or carried over from one year to the next. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

H. Restricted Net Position

In the government-wide statements, equity is classified as net position and displayed in three components:

1. Investment in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds,

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Restricted Net Position (Continued)

mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets.

2. Restricted net position - net position with constraints placed on the use either by a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or b) law through constitutional provisions or enabling legislation.
3. Unrestricted - all other net position is reported in this category.

I. Fund Equity

In the fund financial statements, governmental fund equity is classified as fund balance and displayed in five components:

1. Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted - amounts constrained to specific purposes by either a) creditors, grantors, contributors, or the laws or regulations of other governments, or b) constitutional provisions or enabling legislation.
3. Committed - amounts constrained to specific purposes by the governmental entity at its highest level of decision-making authority (Board of Commissioners). These amounts cannot be used for any other purposes unless the government takes the same highest level action to remove or change the constraint.
4. Assigned - amounts that do not meet the criteria to be classified as restricted or committed that are intended to be used for specific purposes as established by the Board of Commissioners or its management to which the Board of Commissioners has delegated the authority to assign amounts for specific purposes.
5. Unassigned - all other spendable amounts.

The Board of Commissioners establishes (and modifies or rescinds) fund balance commitments and assignments by passage of an ordinance or resolution.

The John K. Kelly Grand Bayou Reservoir Commission typically uses restricted fund balances first, followed by committed, assigned and unassigned funds when an expenditure is incurred for purposes for which amounts in any of these fund balance classifications could be used.

J. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law, the John K. Kelly Grand Bayou Reservoir Commission may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Fund may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The deposits at December 31, 2012 were secured as follows:

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Deposits in bank accounts per balance sheet	<u>\$ 444,173</u>	<u>\$ 0</u>	<u>\$ 444,173</u>
	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Total</u>
Bank Balances (Category 3 Only, If Any)			
a. Uninsured and uncollateralized	\$ 0	\$ 0	\$ 0
b. Uninsured and uncollateralized with securities held by the pledging institution	0	0	0
c. Uninsured and uncollateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	0	0	0
Total Category 3 Bank Balances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total Bank Balances (All Categories Including Category 3 Reported Above)	<u>\$ 444,185</u>	<u>\$ 0</u>	<u>\$ 444,185</u>

The following is a breakdown by banking institution and amount of the balances shown above:

<u>Banking Institution</u>	<u>Amount</u>
Bank of Coushatta	<u>\$ 444,185</u>
 Total	 <u>\$ 444,185</u>

B. Investments

At December 31, 2012, the John K. Kelly Grand Bayou Reservoir Commission had investments of \$0.

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at December 31, 2012:

<u>Class of Receivable</u>	
Charges for services	\$ 0
Other	<u> 0</u>
Total	<u>\$ 0</u>

NOTE 4 CAPITAL ASSETS

A summary of the John K. Kelly Grand Bayou Reservoir Commission's capital assets at December 31, 2012 follows:

	Balance December 31, 2011	Additions	Retirements	Balance December 31, 2012
Capital Assets, not being depreciated				
Land	\$ 93,000	\$ 0	\$ 0	\$ 93,000
Construction in progress	<u>159,310</u>	<u> 0</u>	<u>(159,310)</u>	<u> 0</u>
Total Capital Assets, not being depreciated	252,310	0	(159,310)	93,000
Capital Assets, being depreciated				
Buildings and other improvements	8,125,895	743,754	0	8,869,649
Less accumulated depreciation	<u>(2,918,700)</u>	<u>(227,655)</u>	<u> 0</u>	<u>(3,146,355)</u>
Total Buildings and Building Improvements	5,207,195	516,099	0	5,723,294
Furniture, fixtures and equipment	271,705	43,942	(176,180)	139,467
Less accumulated depreciation	<u>(196,866)</u>	<u>(17,185)</u>	<u>176,180</u>	<u>(37,871)</u>
Total Furniture, Fixtures and Equipment	<u>74,839</u>	<u>26,757</u>	<u> 0</u>	<u>101,596</u>
Total Capital Assets, being depreciated	<u>5,282,034</u>	<u>542,856</u>	<u> 0</u>	<u>5,824,890</u>
Total Capital Assets, net	<u>\$ 5,534,344</u>	<u>\$ 542,856</u>	<u>\$ (159,310)</u>	<u>\$ 5,917,890</u>

NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at December 31, 2012:

<u>Class of Payable</u>	
Vendor	\$ 17,679
Salaries and related benefits	<u> 9,729</u>
Total	<u>\$ 27,408</u>

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

NOTE 6 LEASES

The John K. Kelly Grand Bayou Reservoir Commission is obligated under one lease agreement accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations, and therefore, the result of the lease agreement is not reflected in the Commission's capital assets.

The lease agreement is for the use of washers and dryers for a period of 60 months, which commenced on May 1, 2009. At the end of the lease, the Commission has the option to renew the lease for an additional sixty month period with new equipment or the option to purchase the existing equipment for \$3,000. The Commission is to pay \$400 a month due at the first of each month. The Commission is responsible for all utility services necessary for the proper operation and maintenance of the equipment. The lessor will be responsible for all repairs and maintenance on the equipment and insure the equipment against liability for bodily injury and property damage up to \$50,000.

The John K. Kelly Grand Bayou Reservoir Commission was not obligated under any noncancellable capital lease commitments at December 31, 2012.

NOTE 7 LITIGATION

There was no outstanding litigation against the John K. Kelly Grand Bayou Reservoir Commission at December 31, 2012.

NOTE 8 COMPENSATION PAID TO BOARD MEMBERS

The members of the Board of Commissioners of the John K. Kelly Grand Bayou Reservoir Commission receive no compensation for their services. As of December 31, 2012, the members of the Board were as follows:

Urson S. "Bill" Bacle
James A. Dickerson
Anita S. Hinds
J. Blake McCartney
Peggy A. McCoy, Vice-Chairman
Claude E. Veatch
Mary Ann Wiggins, Chairman

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Fav./(Unfav.)</u>
REVENUES				
Charges for Services	\$ 434,320	\$ 775,626	\$ 793,642	\$ 18,016
Interest income	2,400	1,300	1,340	40
Other	<u>0</u>	<u>0</u>	<u>192</u>	<u>192</u>
Total Revenues	436,720	776,926	795,174	18,248
EXPENDITURES				
General government				
Personal services	210,000	244,000	274,450	(30,450)
Travel	0	0	0	0
Operating services	177,876	293,348	298,486	(5,138)
Supplies	19,560	22,050	18,989	3,061
Professional services	3,000	10,000	10,904	(904)
Capital outlay	<u>524,400</u>	<u>610,675</u>	<u>628,386</u>	<u>(17,711)</u>
Total Expenditures	<u>934,836</u>	<u>1,180,073</u>	<u>1,231,215</u>	<u>(51,142)</u>
Excess/(Deficiency) Of Revenues Over Expenditures	(498,116)	(403,147)	(436,041)	(32,894)
Fund Balance, Beginning of year	<u>853,371</u>	<u>853,371</u>	<u>853,371</u>	<u>0</u>
Fund Balance, End of year	<u>\$ 355,255</u>	<u>\$ 450,224</u>	<u>\$ 417,330</u>	<u>\$ (32,894)</u>

OTHER SUPPLEMENTARY INFORMATION

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

- | | | |
|----|--|---------------|
| 1. | Type of auditors' report issued. | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a) Material weakness(es) identified? | No |
| | b) Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. | Noncompliance material to financial statements noted? | No |

SECTION #2

FINANCIAL STATEMENT FINDINGS

None reported.

HINES, SHEFFIELD & SQUYRES, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS
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NATCHITOCHE, LA 71457

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

John K. Kelly Grand Bayou Reservoir Commission
5286 Highway 784
Coushatta, Louisiana 71019

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the John K. Kelly Grand Bayou Reservoir Commission, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated June 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the John K. Kelly Grand Bayou Reservoir Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the John K. Kelly Grand Bayou Reservoir Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hines, Sheffield & Squyres

Natchitoches, Louisiana

June 24, 2013

SCHEDULE 3

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Ref No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
11-01	2011	Cash and revenue collections were not being reconciled on a monthly basis.	Yes	This finding has been resolved.
11-02	2011	Actual revenues of the general fund were less than budgeted revenues by more than the 5% variance allowed.	Yes	This finding has been resolved.
11-03	2011	Cash balances were not fully secured by FDIC or pledged securities.	Yes	This finding has been resolved.

SCHEDULE 4

JOHN K. KELLY GRAND BAYOU RESERVOIR COMMISSION
COUSHATTA, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.